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EUROPE

1. German views regarding the Schuman Plan--US Embassy
Paris transmits a report of a conversation with French economic adviser Monnet and Hallstein, Chief German negotiator on the Schuman Plan. Hallstein declared it was all-important that Germany's equal status with France in the Schuman Plan be safeguarded and that therefore there should be no suggestion that any of the functions of the Ruhr Authority are being transferred to the Schuman Plan High Authority. Hallstein observed that Germans regard the Ruhr Authority as an organization designed "to keep Germany down." Hallstein also stressed that it would be impossible for Chancellor Adenauer to convince the Bundestag that Germany had equal status under the Schuman Plan unless the occupying powers had made a "clear commitment" that the ceiling on raw steel production would be removed. Monnet stated "very firmly" that he is in full sympathy with Hallstein's position; he agreed that a ceiling on steel production would be "completely inconsistent" with both the principle and the implementation of the Schuman Plan.

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2. ITALY: Opposition to Sforza believed mounting--US Embassy
Rome reports, concerning the possibility of changes in the Italian Cabinet in the next two or three months, that increasing mention is being made of the replacement of Count Sforza as Foreign Minister. According to the Embassy, Premier De Gasperi will be under strong pressure from his Christian Democratic Party to bring to the post a new man, probably a Christian Democrat, who could capture some of the nationalist sentiment in Italy which is now directed against the Government

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because Italians regard their country's postwar position as the consequence of Sforza's "failures." The Embassy observes that Sforza's great prestige abroad is not reflected at home, that he has few followers, and that he is attacked publicly even by members of his own party.

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FAR EAST

3. INDOCHINA: Burma hints at recognition of Bao Dai--The Burmese Foreign Minister has informed US Ambassador Key in Rangoon that, although his government has no "desire" to recognize Bao Dai, it has an "open mind" on this question. The Foreign Minister further indicated that his government would be more favorably disposed to take such action if the French would transfer greater powers to the Bao Dai Government, particularly concerning customs receipts and finances. The French Minister in Rangoon has told Key that the Burmese Foreign Minister significantly stated to him that the governments of India, Burma, and Pakistan now recognize that Ho Chi Minh is a "Moscovite agent," that "it would be fatal if French troops were withdrawn from Indochina," and that there exists very little hope of ending hostilities through a compromise with Ho, arranged through the efforts of Pakistan, India and Burma.

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